

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 NEA-10 ISO-00 AID-05 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 FEA-01

ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 6766

INFO AMEMBASSY MEXICO CITY

USUN NEW YORK 1553

USMISSION OECD PARIS

C O N F I D E N T I A L ISLAMABAD 7680

E.O. 11652: GDS

TAGS: PFOR, ENRG, PK,

SUBJECT: THIRD WORLD ECONOMIC SUMMIT: A SOMEWHAT
DIFFERENT PAK VIEW

REF: (A) ISLAMABAD 6755, (B) ISLAMABAD 7533 (NOTAL),

1. DURING A CALL BY DCM ON SHAHID HUSSAIN, PRIME MINISTER'S
SPECIAL ASSISTANT FOR ECONOMIC AFFAIRS, THE LATTER MADE SOME
INTERESTING COMMENTS ON BHUTTO'S ECONOMIC SUMMIT PROPOSAL. HIS
OBSERVATIONS AND ANALYSIS WERE QUITE DIFFERENT FROM THOSE
EXPRESSED BY MFA OFFICIALS (SEE REFTELS) OR BY THE CONTROLLED
PRESS.

2. FAR FROM PARROTING THE MFA LINE THAT THE BHUTTO PROPOSAL
ARISES FROM SOME DEEP CONCERN OVER PAKISTAN'S "SERIOUS" ECONOMIC
PLIGHT OR INSUFFICIENT RESOURCE TRANSFERS FROM THE DEVELOPED
WORLD, SHAHID HUSSAIN SUGGESTED THAT BHUTTO'S PROPOSAL WAS
ESSENTIALLY POLITICALLY MOTIVATED AND ONLY SECONDARILY RELATED
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TO ECONOMIC CONSIDERATIONS. THE SUMMIT

PROPOSAL, HE SAID, IS CONNECTED TO PAKISTAN'S EXCLUSION FROM THE NONALIGNED CONFERENCE IN COLOMBO. SINCE THE NONALIGNED GROUP HAS AS ITS MEMBERSHIP MOST OF THE THIRD WORLD, THAT FORUM AND ITS DECISIONS TEND TO BE VIEWED BY THE WORLD AT LARGE AS THOSE OF THE THIRD WORLD. THUS, PAKISTAN'S EXCLUSION FROM THE GOUNP MAKES IT FEEL SOMETHING OF AN OUTSIDER, LACKING IN PROPER THIRD-WORLD CREDENTIALS, AND THEREBY ABLE TO EXERT LESS INTERNATIONAL INFLUENCE AMONG ITS THIRD-WORLD COLLEAGUES THAN IT WOULD WISH. HENCE, THE PROPOSAL FOR A SUMMIT MEETING ON ECONOMICS IS SEEN AS A MEANS FOR PAKISTAN TO BURNISH ITS THIRD-WORLD CREDENTIALS.

3. IN STRICTLY ECONOMIC TERMS, SHAHID HUSSAIN SAID THAT, ON A BILATERAL BASIS, PAKISTAN HAS DONE WELL IN SECURING FOREIGN AID IN RECENT YEARS, FAR BETTER THAN MANY DEVELOPING COUNTRIES. (PAKISTAN'S LARGE TRADE DEFICITS OVER THE LAST TWO FISCAL YEARS HAVE BEEN MORE THAN COVERED BY FOREIGN AID, SO THAT ITS FOREIGN EXCHANGE RESERVES HAVE AT THE END OF EACH YEAR REACHED RECORD HIGH LEVELS.) IN AN ECONOMIC CONTEXT, THEREFORE, THERE WAS NO OBVIOUS REASON FOR PAKISTAN TO CHAMPION A READJUSTMENT OF THE "INTERNATIONAL ECONOMIC ORDER." PAKISTAN HAD, SHAHID HUSSAIN SAID, BEEN WELL SERVED BY ITS AID FRIENDS.

4. COMMENT: SHAHID HUSSAIN'S OBSERVATIONS MAY WELL COME CLOSE TO THE MARK. MADE AS THEY WERE IN PRIVATE BY A WORLD BANK OFFICIAL ON TEMPORARY LEAVE WHO HAS NO SPECIAL AX TO GRIND HERE AND BY ONE WHO HAPPENS ALSO TO BE ONE OF THE MOST INFLUENTIAL ECONOMIC OFFICIALS IN GOVERNMENT, THEY MUST BE GIVEN CREDENCE. ON THE OTHER HAND, IT IS THE MFA WHICH IS CARRYING THE BALL IN THE GOP ON THE SUMMIT PROPOSAL AND WHICH IS PLAYING THE BIGGEST ROLE IN SHAPING PAKISTAN'S POSITIONS IN INTERNATIONAL ECONOMIC FORA. FROM OUR SESSIONS WITH THE KEY MFA OFFICIALS CONCERNED (SEE REFTELS), THEY APPEAR CONVINCED THAT AN INEQUITABLE INTERNATIONAL ECONOMIC SYSTEM EXISTS WHICH REQUIRES REFORM, A REFORM IN WHICH PAKISTAN INTENDS TO PLAY A LARGE ROLE.
BYROADE

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